

AMENDED IN SENATE JUNE 27, 2005

AMENDED IN ASSEMBLY MAY 2, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1380**

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**Introduced by Assembly Member Gordon  
(Coauthors: Assembly Members Jerome Horton, Karnette,  
Koretz, Montanez, Oropeza, Pavley, and Umberg)**

February 22, 2005

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An act to add ~~Section 7945~~ *Sections 7945 and 7945.1* to the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1380, as amended, Gordon. Telecommunications: new area codes.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law places notice and other requirements upon telephone corporations whenever the telephone corporation proposes to establish a new area code. Existing law requires the commission to first implement all reasonable telephone number conservation measures before approving an area code split.

*Existing law requires the Federal Communications Commission (FCC) to create or designate one or more impartial entities to administer telecommunications numbering and to make numbers available on an equitable basis for telecommunications carriers, as defined. Existing law provides that the FCC has exclusive jurisdiction over those portions of the North American Numbering Plan that pertain to the United States, but provides that these provisions do not preclude the FCC from delegating to state utility regulatory*

*commissions or other entities all or any portion of the FCC's jurisdiction.*

*This bill would require the commission, by January 15, 2006, to request the FCC to delegate authority to the commission, pursuant to the above described law, to implement inventory management guidelines to ensure carrier compliance with 6-month inventory rules and timing for donations and returns to the numbering pool. The bill would require the commission, on or before July 31, 2006, to develop rules that ensure compliance with FCC numbering resource optimization orders which require that telephone number inventories retained by telecommunications carriers be limited to amounts necessary to fulfill each carrier's 6-month inventory needs and that specify the timing of donations and returns of those thousand-number blocks. The bill would require that these rules be implemented immediately upon the delegation of authority by the FCC and that if the commission fails to develop and implement rules by July 31, 2006, certain other rules specified by the bill will become operative. These rules, which would only become operative if the commission fails to develop and implement rules by July 31, 2006, would place specified requirements upon telephone corporations in determining the inventory of numbering resources applicable to telephone corporations that hold dialing codes or thousand-number blocks within rate centers in California and require them to donate excess blocks of numbers to the North American Numbering Plan Administrator within 30 days of the filing of their next scheduled biannual Numbering Resource Utilization/Forest Report. The commission would be ~~required~~ *authorized* to adopt rules and orders consistent with these requirements.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Although the Federal Communications Commission (FCC)
- 4 has established requirements ~~limiting telecommunications~~
- 5 ~~carriers to a six-month supply of inventory for numbering~~
- 6 ~~resources, the FCC has not established any clear and objective~~

1 method to assure that carriers' actual inventory is, in fact, limited  
2 to six-month needs.

3 (b) ~~Based on actual number utilization experienced by~~  
4 ~~telephone corporations, it is appropriate to establish rules~~  
5 ~~defining six-month inventory needs, forecast methodology, and~~  
6 ~~timing of donations and returns.~~

7 (e) ~~Historical experience shows that telephone corporations~~  
8 ~~have repeatedly taken numbers from the pool for stocking their~~  
9 ~~inventories in excess of their actual needs.~~

10 (d) ~~Telephone corporations' stockpiles of surplus numbers are~~  
11 ~~not available to other telephone corporations that may need~~  
12 ~~numbers to serve their own customers.~~

13 (e) ~~Telephone corporations' mismanagement of numbers may~~  
14 ~~create a perception that an area code is about to exhaust its~~  
15 ~~supply of numbers when, in reality, available numbers are merely~~  
16 ~~being allocated inefficiently.~~

17 (f) ~~Area code splits are costly to governments, consumers, and~~  
18 ~~businesses in the old area code when they are forced to incur~~  
19 ~~costs associated with updating their phone numbers.~~

20 (g) ~~Area code splits represent a particular burden to seniors~~  
21 ~~and the disabled community who can face significant challenges~~  
22 ~~associated with an area code number change.~~

23 (h) ~~With the implementation of the inventory rules in this act,~~  
24 ~~telephone corporations will still retain the flexibility to increase~~  
25 ~~their inventory to accommodate demand growth of up to 15~~  
26 ~~percent.~~

27 (i) ~~New telephone corporations will not be adversely impacted~~  
28 ~~by this act, but can obtain thousand-blocks used for "footprint"~~  
29 ~~purposes on the same basis as they already do.~~

30 (j) ~~Under this act, telephone corporations with a legitimate~~  
31 ~~need for additional telephone numbers will retain flexibility to~~  
32 ~~utilize existing procedures for obtaining telephone numbers as~~  
33 ~~they have in the past.~~

34 (k) ~~A 15 percent growth cap provides reasonable discipline in~~  
35 ~~limiting a supplier's inventory of telephone numbers, while~~  
36 ~~preserving flexibility to accommodate customer demand.~~

37 (l) ~~The methodology for determining short-term inventory~~  
38 ~~levels adopted by this act is straightforward and involves few~~  
39 ~~mathematical operations that can be readily incorporated into a~~

1 database from Numbering Resource Utilization/Forecast Reports  
2 data.

3 ~~(m) The establishment of objective guidelines for determining  
4 six-month inventory supplies will decrease the volume of  
5 stranded telephone numbers, increase available telephone  
6 numbers for those carriers truly in need of them, and prevent new  
7 area codes from being prematurely opened.~~

8 ~~(n) This act is warranted in order to promote the more efficient  
9 utilization of telephone numbers. Efficient utilization of  
10 telephone numbers will, in turn, help extend the life of area codes  
11 and avoid the risk of prematurely opening a new area code to  
12 relieve code exhaustion. that telecommunications carriers are to  
13 be limited to a six-month supply of inventory for numbering  
14 resources, the California Public Utilities Commission (CPUC)  
15 has not established rules necessary to comply with FCC orders.~~

16 ~~(b) It is necessary to establish rules for telecommunications  
17 carriers to use in defining six-month inventory needs, forecast  
18 methodology, and timing of donations and returns in order for  
19 California to comply with FCC regulations.~~

20 ~~(c) Historical experience shows that blocks of numbers have  
21 repeatedly been taken from the numbering pool in excess of  
22 actual needs.~~

23 ~~(d) Numbers held in carrier inventories in excess of FCC  
24 regulations are not available to other telecommunications  
25 carriers that may need numbers to serve their own customers.~~

26 ~~(e) Improper management of telephone number inventories  
27 may create a perception that an area code is about to exhaust its  
28 supply of numbers when, in reality, available numbers are merely  
29 being allocated inefficiently.~~

30 ~~(f) Area code changes are costly to governments, consumers,  
31 and businesses in the old area code when they are forced to incur  
32 costs associated with updating their telephone numbers.~~

33 ~~(g) Area code changes represent a particular burden to  
34 seniors and the disabled community who can face significant  
35 challenges associated with an area code number change.~~

36 ~~(h) Adoption of inventory rules would be consistent with the  
37 state's delegated responsibilities for assessing the need for and  
38 timing of area code relief. The FCC has recognized the essential  
39 role performed by state commissions in this regard, and has  
40 further recognized that state commissions are uniquely~~

1 *positioned to determine when to implement area code relief. The*  
2 *proper determination of when to implement area code relief*  
3 *requires effective tools to assess to what extent numbering*  
4 *resources are being utilized efficiently.*

5 *(i) Inventory rules are necessary to support the most efficient*  
6 *use of telephone numbers in area codes throughout California*  
7 *and are a vital component of the “reasonable telephone number*  
8 *conservation measures” required in accordance with subdivision*  
9 *(c) of Section 7943 of the Public Utilities Code.*

10 *(j) The rapid growth in demand for telephone numbers has led*  
11 *to a proliferation of new area codes. Emerging technology will*  
12 *further deplete California’s numbering resources as consumers*  
13 *outside of California place further demands on these limited*  
14 *resources.*

15 *(k) The FCC has also recognized that maximizing the efficient*  
16 *use of telephone numbers within area codes serves to reduce the*  
17 *need to introduce new area codes, which protects consumers*  
18 *from the expense, trouble, and dislocation that area code relief*  
19 *entails and also can help to prevent premature exhaustion of*  
20 *existing area codes.*

21 *(l) Telephone numbers are public resources to be treated as*  
22 *public property and distributed to companies for the purpose of*  
23 *providing services to consumers. The state has a responsibility to*  
24 *ensure that telephone numbers are being properly utilized in the*  
25 *most efficient manner possible for the benefit of consumers and*  
26 *telephone service providers alike. This will benefit communities,*  
27 *local governments, businesses, and the telecommunications*  
28 *carriers themselves by creating fair competition and equal*  
29 *access to numbering resources.*

30 SEC. 2. Section 7945 is added to the Public Utilities Code, to  
31 read:

32 7945. (a) This section shall be known and may be cited as  
33 the Area Code Conservation and Consumer Protection Act of  
34 2006.

35 ~~(b) For purposes of this section, “NRUF” means Numbering~~  
36 ~~Resource Utilization/Forecast Reports filed with the North~~  
37 ~~American Numbering Plan Administrator.~~

38 ~~(c) A telephone corporation, in determining its six-month~~  
39 ~~inventory levels for each applicable rate center and area code in~~  
40 ~~California, within which the telephone corporation holds~~

1 numbering resources, shall comply with the requirements of this  
2 section.

3 ~~(d) Code or block holders that have acquired and retained~~  
4 ~~public numbering resources and have filed at least three NRUF~~  
5 ~~Reports with the North American Numbering Plan Administrator~~  
6 ~~shall apply the guidelines in this subdivision in determining the~~  
7 ~~level of numbering resources that they may retain as a six-month~~  
8 ~~inventory. A separate calculation shall be made for each rate~~  
9 ~~center within each area code within which the telephone~~  
10 ~~corporation holds an inventory of telephone numbers, that does~~  
11 ~~all of the following:~~

12 ~~(1) Calculate the change in the historical demand for telephone~~  
13 ~~numbers, which represents the code or block holder's actual~~  
14 ~~growth. Code or block holders shall use the most recently filed~~  
15 ~~NRUF Report (NRUF at time 2) and the NRUF Report filed 12~~  
16 ~~months before the most recently filed NRUF Report (NRUF at~~  
17 ~~time 1). The change in the historical demand for telephone~~  
18 ~~numbers consists of those telephone numbers categorized as~~  
19 ~~Assigned or Intermediate in the NRUF Reports. The formula for~~  
20 ~~calculating the change in the historical demand for telephone~~  
21 ~~numbers shall be ((Assigned numbers + Intermediate numbers as~~  
22 ~~of NRUF at time 2) — (Assigned numbers + Intermediate~~  
23 ~~numbers as of NRUF at time 1))/2.~~

24 ~~(2) Determine the appropriate growth rate, whereby the~~  
25 ~~maximum growth rate is to be determined by the commission, to~~  
26 ~~use to calculate the projected growth in telephone numbers for~~  
27 ~~the next six months.~~

28 ~~(3) Compute the projected growth in telephone numbers. The~~  
29 ~~formula shall be the product of the change in the historical~~  
30 ~~demand for telephone numbers and the appropriate growth rate.~~

31 ~~(4) Find out the excess inventory of telephone numbers. The~~  
32 ~~formula shall be the difference of the available numbers reported~~  
33 ~~in NRUF at time 2 and the projected growth in telephone~~  
34 ~~numbers.~~

35 ~~(5) Figure out the short-term inventory level. The formula~~  
36 ~~shall be the difference between the total numbering resources and~~  
37 ~~the excess inventory of telephone numbers.~~

38 ~~(d) Code or block holders that have acquired and retained~~  
39 ~~public numbering resources and have filed no more than one or~~  
40 ~~two NRUF Reports with the North American Numbering Plan~~

1 Administrator, shall apply a modified version of the guidelines  
2 set forth in subdivision (d) that recognizes that code or block  
3 holders with two or fewer NRUF Reports will not have sufficient  
4 historical data to compute 12 months of utilization data changes.  
5 Telephone corporations in this category shall utilize data from  
6 their most recently filed NRUF report as the basis for prospective  
7 inventory calculations that does all the following:

8 (1) Calculate the change in the historical demand for telephone  
9 numbers, which represents the code or block holder's actual  
10 growth. Code or block holders shall use the most recently filed  
11 NRUF Report (NRUF at time 2). The change in the historical  
12 demand for telephone numbers consists of those telephone  
13 numbers categorized as Assigned or Intermediate in the NRUF  
14 Reports. The formula for calculating the change in the historical  
15 demand for telephone numbers shall be (Assigned numbers +  
16 Intermediate numbers as of NRUF at time 2).

17 (2) Determine the appropriate growth rate, whereby the  
18 maximum growth rate is 15 percent, to use to calculate the  
19 projected growth in telephone numbers for the next six months.

20 (3) Compute the projected growth in telephone numbers. The  
21 formula shall be the product of the change in the historical  
22 demand for telephone numbers and the appropriate growth rate.

23 (4) Derive the excess inventory of telephone numbers. The  
24 derivation shall be the difference of the Available numbers  
25 reported in NRUF at time 2 and the projected growth in  
26 telephone numbers.

27 (5) Figure out the short-term inventory level. The formula  
28 shall be the difference of the total numbering resources and the  
29 excess inventory of telephone numbers.

30 (e) The commission shall require telephone corporations to  
31 begin implementing this section with the filing of the next  
32 scheduled biannual NRUF report. Telephone corporations shall  
33 donate blocks regardless of the source of the numbering  
34 resources. This section applies to all NXX code or  
35 thousand-block holders, which have acquired and retained public  
36 numbering resources. Telephone corporations shall calculate  
37 their six-month inventory level utilizing data in the NRUF Report  
38 due on the next scheduled biannual NRUF report and donate any  
39 excess inventory blocks to the North American Numbering Plan  
40 Administrator based on application of this section. Any surplus

~~1 blocks identified through the six-month inventory calculations  
2 shall be donated to the pool no later than 30 calendar days after  
3 their filing of the next scheduled biannual NRUF report. Every  
4 six months thereafter, telephone corporations will be required to  
5 perform an updated calculation of permissible inventory levels,  
6 and to make any resulting donations to the pool of excess  
7 inventory blocks as defined by the adopted rules.~~

~~8 (f) The commission may adopt rules and orders consistent  
9 with the requirements of his section.~~

10 *(b) On or before January 15, 2006, the commission shall  
11 request the Federal Communications Commission to delegate  
12 authority to the commission pursuant to paragraph (1) of  
13 subsection (e) of Section 251 of Title 47 of the United States  
14 Code, to implement inventory management guidelines to ensure  
15 carrier compliance with six-month inventory rules and timing for  
16 donations and returns to the numbering pool.*

17 *(c) On or before July 31, 2006, the commission shall develop  
18 rules, using existing commission resources, that ensure  
19 compliance with Federal Communications Commission  
20 numbering resource optimization orders, which require that  
21 telephone number inventories retained by telecommunications  
22 carriers be limited to amounts necessary to fulfill each carrier's  
23 six-month inventory needs. These rules shall additionally specify  
24 the timing of donations and returns of those thousand-number  
25 blocks that meet currently applicable contamination thresholds  
26 and are not needed to maintain six-month inventory levels, to  
27 further ensure compliance with Federal Communications  
28 Commission numbering resource optimization orders.*

29 *(d) The rules shall be developed in full consideration of the  
30 requirements of Section 7945.1 and shall be implemented  
31 immediately upon the delegation of authority by the Federal  
32 Communications Commission to the commission to implement  
33 inventory management guidelines to ensure carrier compliance  
34 with six-month inventory rules and timing for donations and  
35 returns to the numbering pool, and consistent with the  
36 requirements of due process.*

37 *(e) If the commission fails to develop and implement rules by  
38 July 31, 2006, the requirements of Section 7945.1 shall become  
39 operative.*

1 SEC. 3. Section 7945.1 is added to the Public Utilities Code,  
2 to read:

3 7945.1. (a) This section shall become operative if the  
4 commission fails to develop and implement rules by July 31,  
5 2006, in compliance with Section 7945.

6 (b) For purposes of this section, "NRUF" means Numbering  
7 Resource Utilization/Forecast Reports filed with the North  
8 American Numbering Plan Administrator.

9 (c) A telephone corporation, in determining its six-month  
10 inventory levels for each applicable rate center and area code in  
11 California, within which the telephone corporation holds  
12 numbering resources, shall comply with the requirements of this  
13 section.

14 (d) Code or block holders that have acquired and retained  
15 public numbering resources and have filed at least three NRUF  
16 Reports with the North American Numbering Plan Administrator  
17 shall apply the guidelines in this subdivision in determining the  
18 level of numbering resources that they may retain as a six-month  
19 inventory. A separate calculation shall be made for each rate  
20 center within each area code within which the telephone  
21 corporation holds an inventory of telephone numbers, that does  
22 all of the following:

23 (1) Calculates the change in the historical demand for  
24 telephone numbers, which represents the code or block holder's  
25 actual growth. Code or block holders shall use the most recently  
26 filed NRUF Report (NRUF at time 2) and the NRUF Report filed  
27 12 months before the most recently filed NRUF Report (NRUF at  
28 time 1). The change in the historical demand for telephone  
29 numbers consists of those telephone numbers categorized as  
30 Assigned or Intermediate in the NRUF Reports. The formula for  
31 calculating the change in the historical demand for telephone  
32 numbers shall be  $((\text{Assigned numbers} + \text{Intermediate numbers as of NRUF at time 2}) - (\text{Assigned numbers} + \text{Intermediate numbers as of NRUF at time 1}))/2$ .

35 (2) Determines the appropriate growth rate, where the  
36 maximum growth rate is to be 15 percent, to calculate the  
37 projected growth in telephone numbers for the next six months.

38 (3) Computes the projected growth in telephone numbers. The  
39 formula shall be the product of the change in the historical  
40 demand for telephone numbers and the appropriate growth rate.

1 (4) Computes the excess inventory of telephone numbers. The  
2 formula shall be the difference of the available numbers reported  
3 in NRUF at time 2 and the projected growth in telephone  
4 numbers.

5 (5) Computes out the short-term inventory level. The formula  
6 shall be the difference between the total numbering resources  
7 and the excess inventory of telephone numbers.

8 (e) Code or block holders that have acquired and retained  
9 public numbering resources and have filed no more than one or  
10 two NRUF Reports with the North American Numbering Plan  
11 Administrator, shall apply a modified version of the guidelines  
12 set forth in subdivision (d) that recognizes that code or block  
13 holders with two or fewer NRUF Reports will not have sufficient  
14 historical data to compute 12 months of utilization data changes.  
15 Telephone corporations in this category shall utilize data from  
16 their most recently filed NRUF report as the basis for  
17 prospective inventory calculations that do all the following:

18 (1) Calculate the change in the historical demand for  
19 telephone numbers, which represents the code or block holder's  
20 actual growth. Code or block holders shall use the most recently  
21 filed NRUF Report (NRUF at time 2). The change in the  
22 historical demand for telephone numbers consists of those  
23 telephone numbers categorized as Assigned or Intermediate in  
24 the NRUF Reports. The formula for calculating the change in the  
25 historical demand for telephone numbers shall be (Assigned  
26 numbers + Intermediate numbers as of NRUF at time 2).

27 (2) Determine the appropriate growth rate, where the  
28 maximum growth rate is 15 percent, to calculate the projected  
29 growth in telephone numbers for the next six months.

30 (3) Compute the projected growth in telephone numbers. The  
31 formula shall be the product of the change in the historical  
32 demand for telephone numbers and the appropriate growth rate.

33 (4) Compute the excess inventory of telephone numbers. The  
34 derivation shall be the difference of the Available numbers  
35 reported in NRUF at time 2 and the projected growth in  
36 telephone numbers.

37 (5) Compute the short-term inventory level. The formula shall  
38 be the difference of the total numbering resources and the excess  
39 inventory of telephone numbers.

1     (f) *The commission shall require telephone corporations to*  
2 *begin implementing this section with the filing of the next*  
3 *scheduled biannual NRUF report. Telephone corporations shall*  
4 *donate blocks regardless of the source of the numbering*  
5 *resources. This section applies to all NXX code or*  
6 *thousand-block holders, which have acquired and retained*  
7 *public numbering resources. Telephone corporations shall*  
8 *calculate their six-month inventory level utilizing data in the*  
9 *NRUF Report due on the next scheduled biannual NRUF report*  
10 *and donate any excess inventory blocks to the Number Pooling*  
11 *Administrator based on the application of this section. Any*  
12 *surplus blocks identified through the six-month inventory*  
13 *calculations shall be donated to the pool no later than 30*  
14 *calendar days after their filing of the next scheduled biannual*  
15 *NRUF report. Every six months thereafter, telephone*  
16 *corporations will be required to perform an updated calculation*  
17 *of permissible inventory levels, and to make any resulting*  
18 *donations to the pool of excess inventory blocks as defined by the*  
19 *adopted rules.*  
20     (g) *The commission may adopt rules and orders consistent*  
21 *with the requirements of his section.*